

MINUTES OF REGULAR MEETING OF KISSIMMEE UTILITY AUTHORITY, HELD
WEDNESDAY, OCTOBER 17, 1990, AT 6:00 PM, BOARD ROOM, ADMINISTRATION
BUILDING, KISSIMMEE, FLORIDA

Present at the meeting were Chairman Hord, Vice-Chairman Gant, Secretary Bobroff, Assistant Secretary Lowenstein, Director Jones, Attorney Brinson, General Manager Welsh, and Recording Secretary Rundio. Mayor Van Meter was absent; Vice-Mayor Pollet was present.

A. **MEETING CALLED TO ORDER** at 6:05 P.M. by Chairman Hord.

B. **AWARDS AND PRESENTATIONS**

1. **OATH OF OFFICE - BOB BOBROFF**

The Oath of Office was performed following item D.1.

General Manager Welsh introduced the following four candidates to the Board members. He said their combined service totaled 20 years.

2. **5-YEAR SERVICE AWARD - DONALD ANDERSON**

Mr. Welsh highlighted the career of Donald Anderson, Operator/Power Plant, as having joined KUA on October 1, 1985 as an Assistant Operator Trainee, and was promoted to Assistant Operator on August 23, 1986. Don was selected Employee of the Month for January, 1988. He has had five distinguished years of service.

3. **5-YEAR SERVICE AWARD - KATHLEEN CONDON**

Kathleen Condon began work at the Power Plant in October, 1985 as an Inventory and Records Clerk, has progressed to computerization of that Department's inventory and has been the prime architect of our current system. Kathleen is industrious, hardworking and innovative and exceeds expectations. She organizes great get-togethers, was recognized as August Employee of the Month, 1989. Her spirit has helped the morale at the Plant and we expect she will continue to grace us with her presence for years to come.

4. **5-YEAR SERVICE AWARD - ROBIN HELQUIST**

Mr. Welsh made a special presentation in Robin's case. Robin Helquist came on board as a Customer Service Rep Trainee in October, 1985 and has been promoted in October 1, 1990 to Billing Coordinator. Robin was instrumental in the HTE billing system conversion. She coordinates work for a four-member billing team, supervises billing of over 50,000 electric and water customers monthly.

In a subtle manner, Mr. Welsh said that "Robin Helquist" would no longer be with us (followed by a pause and some anxious moments by Robin and Tim), but that "Robin Phillips" would be, because on October 20th, Robin and Tim Phillips, Groundman, Distribution, are tying the knot in holy matrimony! Both were wished happiness amid much applause.

5. **5-YEAR SERVICE AWARD - NEAL HUGHES**

Neal Hughes, Power Plant Mechanic Helper, originally transferred from the City's vehicle workshops. Starting as a Utility Worker with KUA four years ago, he moved on to the Power Plant's mechanical maintenance department as a Mechanic Helper a year ago. Neal is known as a reliable and hard working employee which KUA greatly appreciates.

All the above employees received services awards of their choice from Chairman Hord, with the Board's congratulations.

6. NOVEMBER EMPLOYEE OF THE MONTH - CHARLES SHARP

Charles Sharp, Field Service Specialist/Support Services, was honored for having been spontaneously selected November Employee of the Month by his fellow employees. Mr. Welsh said Charles has been employed with the electric utility since March 11, 1970, and has received his 20-year service pin. Charles is noted for never being tardy, having a can-do attitude and a willingness to travel that extra mile. He was also characterized as having grown personally and professionally and being a great asset to KUA.

Chairman Hord presented Charles with an Employee of the Month plaque, followed by Director Bobroff's presentation to him of a \$100 U.S. Savings Bond. Mr. Sharp will also receive a day off with pay and a reserved parking space for November.

C. HEAR THE AUDIENCE

Chairman Hord inquired of the audience if anyone cared to address the Board on any issue not on the Agenda. There was no response.

D. PUBLIC HEARING

1. COST OF POWER ADJUSTMENT

Chairman Hord announced the Public Hearing; there was no audience response.

Director of Power Supply, Ben Sharma, highlighted the Cost of Power Adjustment for September 1990, stating that due to the current world fuel crisis, fuel prices have increased substantially. Presently, the COPA Billing is at \$0.00300/kWh, and the account balance at September 30th is \$1,191,385.44 undercollected.

Staff calculated the COPA charge at various levels (i.e., \$0.00, \$3, \$4, \$5, \$6 and \$10/1000 kWh) and recommended that a charge of \$10.00 per 1000 kWh be added to the customer's bill to maintain the COPA account balance at near present level by June 30, 1991.

Mr. Sharma explained various scenarios through overhead graphs. Discussion followed.

Moved by Director Gant that we remain in our present position and hold a Public Hearing on a month-to-month basis and consider our COPA presently for the previous month; and to hold a Public Hearing each month open to the public and make a decision at that time, with this month's COPA being \$0.00355/kWh. Seconded by Director Lowenstein.

Brief discussion continued. Director Bobroff expressed concern over our present deficit for COPA. Director Gant was willing to make a decision at a future time depending on what the world oil situation was.

Motion carried 5 - 0

B. 1. OATH OF OFFICE - BOB BOBROFF

KUA Attorney Edward Brinson administered the Oath of Office to Secretary Bob Bobroff, who was reappointed by the City Commission for another term of office. (Copy attached to the Minutes.)

Mr. Welsh introduced an item not on the Agenda by presenting Chairman Hord and Directors Jones and Bobroff with a 5-year service award pin for their five years of dedicated service on the KUA Board of Directors. He expressed his appreciation to them.

E. INFORMATION REPORTS (REQUIRING NO ACTION)

1. AUTOMATED TELEPHONE SYSTEM

Chris Beck, Director/Customer Relations, introduced Mr. Joseph Levy, Advisory Marketing Rep for IBM/Rolm, who gave a presentation on their automated telephone system. This was the fourth such presentation made to the Board.

Following the presentation, Ms. Beck gave a summary of our telephone system needs. The system we choose will need to be tied in to the Energy Control System and other phone systems being used. Staff planned to proceed with the specifications on a system with the following three features:

- a) Auto Attendant (answers through various levels)
- b) Voice Messaging (leave message or receive info while in queue)
- c) Multilingual

Staff will bring this back to the Board after we receive proposals and analyze them.

2. MONTHLY PROGRESS REPORT ON ENGINEERING PROJECTS

Ken Davis, Director/Planning & Engineering, gave a progress report on ongoing Engineering projects. Latest word from the County Administrator was that the documents regarding the right-of-way should be finalized within 14 days and work should proceed on the Michigan Avenue Line Relocation-Phase II. We will be finalizing requirements for distribution system line regulators. The Transmission System Planning Studies on Overoaks and Thacker Avenue Substations are covered as separate agenda items. Meetings are scheduled with Florida Power Corporation to discuss the upgrade of the Lake Bryan circuit.

Attorney Ed Brinson responded to Chairman Hord's comments of the September 26th meeting for the possibility of using a Trustee to purchase substation or right-of-way properties for KUA. Mr. Brinson said an amendment to the Sunshine law would permit an agent to negotiate with a seller. He said there is a requirement to have Executive Sessions; otherwise an agent would have no negotiating powers. Mr. Brinson said it would be legally possible but perhaps not gain us anything to use a Trustee; he said he felt uncomfortable going that route. Chairman Hord said that we could, considering Mr. Brinson's opinion, use an agent/Trustee and be a "blind buyer" without disclosing our identity. Mr. Brinson affirmed that, as long as Executive Sessions were held to document meetings, etc. Discussion followed.

Staff is planning to proceed with architectural services with Chuck Parsons for Phases I and II on the Bermuda Avenue Site Development. Discussion followed on splitting the planning and development of this property in two phases. Phase I would address all conceptual site planning and engineering services (Energy Control Center). Phase II would include the architectural/engineering services necessary for the first phase of construction. The total fee for the Phase I task is \$24,500. Being under \$25,000, no Board approval is necessary.

\$50,000 has been put up to purchase this property, with closing taking place February 28, 1991. Target date for the completion of the building to contain the Energy Control Center is October 1991. Director Gant was somewhat reluctant to proceed with such haste on that site development. Mr. welsh indicated that we are in dire need of replacing our present Energy Control Center and that the Board earlier had elected to proceed at an accelerated pace to meet the October, 1991 deadline. Mr. Welsh indicated that the October 1991 building completion date was extremely ambitious but

that we did want to proceed as rapidly as possible now to minimize probable delays beyond that target date.

Director Gant also questioned whether we need to proceed quickly and concurrently with the Cane Island site, considering the amounts of monies involved as well as the timing. The closing on Cane Island was held on October 8th

Myron Rollins, Black & Veatch (B&V), responded to Board members questions on installation and costs of one and two combustion turbines at the same site. Installing two units at the same time is more cost effective.

Director Gant expressed his views about the necessity of requiring more than one engineering firm handling both the planning and the design aspects of our projects, urging the need for competition and having the interest of KUA in mind. Discussion followed on the pros and cons of bringing in another engineering firm and introducing the concept of more objectivity.

Don Knighton, Partner-in-Charge, gave an overview of how they work within Black & Veatch to the best interests of their clients, e.g., KUA. They strive to put out objective studies and are a full-service company for their clients.

The meeting recessed at 8:00 o'clock and reconvened at 8:18 p.m.

3. CONDENSED FINANCIAL REPORT

Joe Hostetler, Director/Finance, gave a brief overview of our current financial report and said we would not have any major adjustments. We have increased sales and increased power costs. He stated that Coopers & Lybrand, KUA external auditors, would present their report in December and any adjustments would be made at that time.

F. OLD BUSINESS

Mr. Welsh stated that items F.1., 2., and 3. are tied in together and would be discussed together, but that separate motions would be made.

1. ENGINEERING SERVICES PROPOSALS FROM BLACK & VEATCH FOR THE COMBUSTION TURBINE PROJECT

Ben Sharma highlighted how Black & Veatch would be handling the engineering services for the combustion turbine project and the construction of the off-site gas pipeline and bring the line to our Cane Island site. The option related to the off-site gas pipeline is recommended to be pursued immediately and that the Board approve the following phases of work and fees at this time:

In-depth discussion and viewing of overheads on these three projects covered sub-contracted services and B&V services, the cost of each substation, the economies of scale, scope of services, permitting, licensing, etc. Questions by the Board were responded to by Don Knighton and his staff.

Chairman Hord inquired why the concept of B&V using previous work done on other KUA substations could not be used for our currently planned substations in the interests of saving time and curtailing costs for us. Mike Simpson, Project Manager, Substation and Transmission Lines, B&V, said some portions of previous site work, procurement, etc., can be utilized and costs can be cut in some areas by using standard designs and plans, considered site specific requirements, but problems would be created in having to

adjust to various transmission lines. For instance, the scope of services would have to change. B&V plan to buy each piece of major equipment on a separate procurement contract that the construction contractor will install. Discussion continued.

Mr. Knighton introduced his staff. Jon S. Faletto, B&V Legal Environmental Coordinator, gave a brief discussion on the permitting and licensing which have to be done upfront on these projects. H.L. Jacobs, the proposed Project Manager, made a presentation on the combustion turbine project. He described the scope of services and schedule milestones and dates, and detailed engineering costs. Mike Simpson, Project Manager for Substations and Transmission Lines, discussed the Thacker and Overoaks transmission lines scope of services. These presentations are inter-related to the three Substations.

Chairman Hord questioned whether we should get permitting for two units at once for the Cane Island Substation for cost effectiveness and timeliness. Black & Veatch representatives indicated that since it may be more difficult to license two units at once that this should not be done unless we were serious about installing two units. Director Gant felt it will be a difficult task to get permitting for Cane Island and that permitting should be further along before we authorize Black & Veatch engineering scope of services.

2. OVEROAKS SUBSTATION/CANE ISLAND TRANSMISSION LINE PROJECT

Ken Davis highlighted the four Tasks on this project with associated fees, as follows:

Task 1 - Conceptual Design Services	\$ 35,000
Task 2 - Surveying Subcontracted Services	250,000
Task 3 - Soil Boring Subcontracted Services	31,000
Task 4 - Right-of-Way Assistance	<u>75,000</u>
Total	<u>\$ 391,000</u>

Mr. Davis indicated an error in the Agenda Item recommendation: the total should read \$391,000, rather than \$491,000.

Mr. Welsh recommended that we move forward on all three items: the Combustion Turbine, Overoaks and Thacker Substations.

Director Gant stated we should bear in mind the significant risk in obtaining permitting for this piece of property from the DER (Department of Environmental Regulations); they are difficult to deal with, and he suggested that B&V see the urgency in obtaining the permitting. He stated that if he had assurance that in 1993 this property would be permitted, he would vote for this issue. Delaying approval for the engineering services might be an incentive to process permitting quickly, otherwise the property may never be utilized. Don Knighton said no one can guarantee any site can be permitted.

3. ENGINEERING SERVICES – THACKER SUBSTATION PROJECT

Ken Davis suggested we proceed with the first four tasks of the scope of services for the Thacker Substation **project** by Black & Veatch, as follows:

Task 1 - Conceptual Design Service	\$ 35,000
Task 2 - Surveying Subcontracted Services	115,000
Task 3 - Soil Boring Subcontracted Services	25,000
Task 4 - Right-of-Way Assistance	<u>45,000</u>
Total	<u>\$ 220,000</u>

Mr. Welsh suggested that a motion to accept the recommendations as outlined in the Agenda Items, with the correction as indicated in item F.2 from \$491,000 to \$391,000; and directing that we have a thorough monthly progress report by staff and a thorough progress report by Don Knighton and staff quarterly; and that for the next two quarters we take a hard look quarterly whether we continue with the project and the expenditures as they are occurring, call a halt, or slow Black & Veatch down until we receive feedback from the licensing agency.

MOTIONS ON THE THREE SUBSTATIONS WERE MADE AS FOLLOWS:

F. 1. ENGINEERING SERVICES PROPOSALS FROM BLACK & VEATCH FOR THE COMBUSTION TURBINE PROJECT

Staff's recommendation, as contained on pages 2 and 3 is:

"Staff has reviewed B&V's proposed Scope of Services for the Combustion Turbine project and the offered options and is of the opinion that the services are adequate to meet KUA's needs for the completion of the project. Staff feels that it is not necessary for the Board to take any action on the activities related to the CT Unit 2 at this time. However, the option related to the off-site gas pipeline is recommended to be pursued immediately. Accordingly, staff recommends that the Board approve the following phases of work and fees at this time:

<u>Unit 1:</u>	
Permitting & licensing (cost plus)	\$ 200,000 (Est.)
Construction Mgt. & Start-up (cost plus)	370,000 (Est.)
Design Engineering Services	1,847,000 NTE
<u>Off-Site Gas Line:</u>	
Design Engineering	\$ 128,000 NTE
Permitting & Licensing (cost plus)	35,000
Construction Management	<u>67,000</u>
Total	\$2,647,000

"It is to be noted that although staff is seeking Board's approval on all the above tasks and activities at this time, actual authorization to proceed on certain tasks such as Permitting and Construction Management will be issued only on an as-needed basis at appropriate times. It is recommended that the Board approve the General Manager to exercise such authority as and when required."

Moved by Director Bobroff to accept staff's recommendation for the Engineering Services from Black & Veatch for the Combustion Turbine Project as shown in the last paragraph of page 2 and continued on page 3 of the Agenda Item. Seconded by Director Lowenstein.

Director Gant said he approved of what we were doing but disagreed with the timing of it.

**Motion carried 4 - 1
Director Gant opposed**

F. 2. OVEROAKS SUBSTATION/CANE ISLAND TRANSMISSION LINE PROJECT

Staff's recommendation as indicated on the Agenda Item is:

"Approval to establish project and authorize transfer of funds in the (corrected) total of \$391,000 from the Reserve for Future Capital Outlay; and authorize Black & Veatch to proceed with Tasks 1 - 4 for the Overoaks Substation Project for the current estimated fee of \$391,000."

Moved by Director Bobroff authorizing approval for staff's above recommendation for the Overoaks Substation/Cane Island Transmission Line Project, for a corrected total of \$391,000, from the Reserve for Future Capital Outlay, as recommended by staff. Seconded by Director Jones.

Director Gant said he approved of what we were doing but disagreed with the timing of it.

Chairman Hord expressed concern over the survey not having firm prices. Mike Simpson said these are estimated fees and they don't spend anything unless directed by our staff to do so.

**Motion carried 4 - 1
Director Gant opposed**

F. 3. ENGINEERING SERVICES, THACKER SUBSTATION PROJECT

Staff's recommendation as indicated on the Agenda Item is:

"Approval to establish project and authorize transfer of funds in the amount of \$220,000 from the Reserve for Future Capital Outlay; and authorize Black & Veatch to proceed with Tasks 1 - 4, engineering services for the Thacker Substation Project, for the currently estimated fee of \$220,000."

Moved by Director Gant to accept staff's above recommendation for this project for a total of \$220,000, from the Reserve for Future Capital Outlay. Seconded by Director Jones.

Motion carried 5 - 0

F. 4. MANAGEMENT LETTER RESPONSE COMMENTS

Mr. Welsh pointed out that one of the recommended actions in the report was to reinstitute the practice of having the number of ordered items shown on the receiving slip. Mr. Tillman, Director of Materials Management, detailed some operational problems that resulted from not having these quantities shown. The pros and cons of this procedure were discussed.

Moved by Director Jones, seconded by Director Lowenstein, to accept staff's recommended action as stated in the report.

Motion carried 5 – 0

G. NEW BUSINESS

1. ELECTION OF OFFICERS

Moved by Director Jones, seconded by Director Bobroff, that the Officers for the fiscal year 1990-1991 be retained the same as they are presently:

Richard Hord	Chairman
George Gant	Vice-Chairman
Bob Bobroff	Secretary
Harry Lowenstein	Assistant Secretary

Motion carried 5 – 0

2. REQUEST OF CITY COMMISSION FOR RECONSIDERATION OF PAYMENT TO COUNTY

Mr. Welsh said the City Commission had made a request of the Board to reconsider our actions on this, and he felt we should reconsider, and make a decision.

Director Bobroff said this (\$700,000 payment to the Osceola County) was done in fairness to our Out-of-City customers in that the cost of service study showed that the outside surcharge was only one-half of it and was cost justified; therefore, the Board was returning the other one-half to those customers through this mechanism.

Moved by Director Bobroff that we thank the City Commission for their suggestion and ask our General Manager to explain why we do not change our position; that we continue as we are presently, to continue to contribute to the County one-half of the equalization charge. Seconded by Director Jones.

It was discussed and pointed out that this was an ongoing arrangement for one-half of the equalization charge to be transferred to the County and would continue until or unless future action was taken by the KUA Board.

Vice-Mayor Pollet said that if we had extra money we should lower the rates directly. He said this was a contribution. He stated that KUA is still a part of the City; that we're the third highest rate in the State. There would have been no problem with a mandatory franchise fee. The City Commission did not want us to do it and asked that we reconsider giving the money to the County.

Director Gant indicated that he had previously been under the impression that it was imminent that the County would be imposing a franchise fee on KUA. He has since learned that this may not be the case and that, therefore, a voluntary payment in lieu of taxes may not be necessary.

**Motion carried 3 - 2
Chairman Hord opposed
Director Gant opposed**

3. **AMENDMENT NUMBER ONE TO JOINT PARTICIPATION AGREEMENT FOR STANTON UNIT 1**

This item was explained by Ben Sharma, Director of Power Supply.

Moved by Director Gant, seconded by Director Lowenstein, to approve Amendment Number One to the Joint Participation Agreement for Stanton Unit 1; and authorize the Chairman and the Secretary to execute the amendment.

Motion carried 5 - 0

H. **CONSENT AGENDA**

**Moved by Director Jones to approve the Consent Agenda as presented.
Seconded by Director Lowenstein.**

1. **APPROVAL OF MINUTES OF SEPTEMBER 26, 1990, MEETING**

2. **COMPUTERIZED MAINTENANCE MANAGEMENT SYSTEM**

Motion carried 5 - 0

I. **HEAR GENERAL MANAGER, ATTORNEY, DIRECTORS**

GENERAL MANAGER

Mr. Welsh announced the Employee Christmas Party scheduled for December 15th.

The KUA Softball Team won third place in the Batholomew Tournament and we established a new volleyball team called, "KUA Killers".

At either the November or December meeting we anticipate having a presentation on the local area economy from the InterAirport staff, touching on what's ahead in the next decade.

The Quarter Century Club Dinner will be held Thursday evening, October 18th.

ATTORNEY - None

DIRECTORS

Chairman Hord inquired into the manner of ad we will be placing for the proposed substation property, perhaps using a blind ad. As discussed earlier, he inquired if it's proper to use a Trustee in this case, without the sellers being aware of who the buyer is, thereby keeping the price lower. Attorney Brinson said he felt that letting the seller know the buyer has condemnation rights would give us a better advantage.
October 17, 1990

J. **ADJOURNMENT:** Meeting adjourned at 11:25 P.M.

ATTEST:



SECRETARY


CHAIRMAN

OATH OF OFFICE

I, BOB BOBROFF, do solemnly swear that I will support, protect and defend the Constitution and Government of the United States and the State of Florida against all enemies, domestic and foreign, and that I will bear true faith, loyalty and allegiance to the same; that I am entitled to hold office under the Constitution; that I will faithfully perform all the duties of the office of Director of the Kissimmee Utility Authority, on which I am about to enter. So help me God.


BOB BOBROFF

Sworn to and subscribed before me this
17th day of Oct, 1990.

Edward Brinson
Attorney for the Kissimmee Utility Authority
Notary Public, State of Florida
My Commission Expires:
NOTARY PUBLIC STATE OF FLORIDA
MY COMMISSION EXP JULY 11, 1994
BONDED THRU GENERAL INS. UNO.